MISSOURI PACIFIC RAILROAD COMPANY

1962

Annual Report

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Consolidated Financial and Operating Highlights

	1962	1961
INCOME AND EXPENSE ITEMS		
Operating Revenues	**$390,049,000**	$378,178,000
Operating Expenses	**301,527,000**	291,348,000
Operating Ratio (Rail Line)	**77.3%**	77.0%
Taxes		
Other Than Federal Income Taxes	**26,555,000**	26,725,000
Income Available for Fixed Charges	**55,817,000**	53,975,000
Times Fixed Interest Earned	**3.1**	2.9
Net Income before Federal Income Taxes but after Minority Interests	**24,828,000**	22,853,000
Federal Income Taxes	**2,578,000**	10,274,000
Net Income (In Conformity with I.C.C. Accounting Principles)	**22,250,000**	12,579,000
Per Share — Class A Stock (*)	**12.07**	6.82
Net Income Adjusted to Generally Accepted Accounting Principles would be (See Page 8)	**12,720,000**	12,122,000
Dividends Declared per Share — Class A Stock	**2.40**	2.40
FINANCIAL POSITION		
Gross Capital Expenditures	**$ 55,934,000**	$ 21,344,000
Depreciation Charged to Income	**26,878,000**	27,415,000
Working Capital	**57,684,000**	52,776,000
Long Term Debt, including amount due within one year	**647,432,000**	650,334,000
FREIGHT AND PASSENGER FIGURES		
Average Miles of Railroad Operated	**11,465**	11,396
Revenue Ton Miles (1,000's)	**25,319,662**	23,788,106
Revenue per Ton Mile (cents)	**1.28**	1.32
Revenue Passenger Miles (1,000's)	**514,674**	558,478
Revenue per Passenger Mile (cents)	**2.64**	2.59
EMPLOYEES		
Total Amount of Payroll	**$175,479,000**	$178,201,000
Average Annual Wages	**6,750**	6,490
Average Number of Employees	**26,005**	27,458

*Computed for earnings coverage purposes. See Page 9 for description and limitation of Class A Stock.

The data in this annual report includes the Missouri Pacific Railroad Company and its majority-owned subsidiary companies. The principal subsidiary companies included in the consolidation are:

	Percent Owned
The Texas and Pacific Railway Company	81.8
American Refrigerator Transit Company	71.0
Missouri-Illinois Railroad Company	54.4

THE COVER PICTURE

Freight train including multi-level flat-cars loaded with automobiles leaves St. Louis, headed for the southwest. This, along with trailer-on-flat-car traffic, represents the fastest growing business on the Missouri Pacific.

MISSOURI PACIFIC RAILROAD COMPANY

BOARD OF DIRECTORS

J. T. SUGGS—*CHAIRMAN*
President
Texas & Pacific Railway Company
Dallas, Texas

WILLIAM B. BATES
Partner in the law firm of Fulbright, Crooker, Freeman, Bates & Jaworski
Houston, Texas

GLENN W. CLARK
President,
Mississippi River Fuel Corp.
St. Louis, Missouri

ROBERT H. CRAFT
President and Director
Paribas Corporation
New York, New York

T. C. DAVIS
New York, New York

RUSSELL L. DEARMONT
Consultant
St. Louis, Missouri

HERBERT GUSSMAN
Independent Oil Producer
Tulsa, Oklahoma

ROSCOE C. HOBBS
Vice President
Hobbs Western Company
St. Louis, Missouri

D. B. JENKS
President
Missouri Pacific Railroad Company
St. Louis, Missouri

JAMES LEE JOHNSON
Vice President and Director
International Shoe Company
St. Louis, Missouri

JAMES M. KEMPER, JR.
President and Director
Commerce Trust Co.
Kansas City, Missouri

WILLIAM G. MARBURY
Chairman of the Board and Chief Executive Officer
Mississippi River Fuel Corp.
St. Louis, Missouri

HARRY B. MATHEWS, JR.
Chairman of the Board of Directors
Mississippi Lime Company
Alton, Illinois

THOMAS F. MILBANK
Estate Manager and Corporation Executive
New York, New York

RAYMOND V. TERRY
Vice President and Director
Mississippi River Fuel Corp.
New Orleans, Louisiana

EXECUTIVE COMMITTEE

WILLIAM G. MARBURY
Chairman

ROBERT H. CRAFT
T. C. DAVIS
D. B. JENKS
HARRY B. MATHEWS, JR.
J. T. SUGGS
RAYMOND V. TERRY

OFFICERS

D. B. JENKS
President

C. D. PEET
Vice President-Finance

J. H. LLOYD
Vice President-Operation

F. J. CONRAD
Vice President-Traffic

M. M. HENNELLY
Vice President and General Counsel

H. M. HOFFMEISTER
Vice President — Purchases & Stores

H. L. SCHAEFFER
Vice President (Houston)

C. J. MAURER
Controller

L. A. BRUNS
Treasurer

C. A. ROCKWELL
Secretary

TRANSFER AGENTS

UNITED STATES TRUST COMPANY OF NEW YORK, Transfer Agent
Class A and B Stock, 45 Wall Street.....New York 5, N. Y.

THE BOATMEN'S NATIONAL BANK OF ST. LOUIS, St. Louis Transfer Agent
Class A Stock, 300 No. Broadway .....St. Louis 2, Mo.

REGISTRARS

MANUFACTURERS HANOVER TRUST COMPANY, Registrar
Class A and B Stock, 40 Wall Street .....New York 15, N. Y.

ST. LOUIS UNION TRUST COMPANY, St. Louis Registrar
Class A Stock, 510 Locust Street .....St. Louis 2, Mo.

ANNUAL MEETING OF STOCKHOLDERS: The Second Tuesday in May.
GENERAL OFFICES: Missouri Pacific Building, St. Louis 3, Missouri

To The Stockholders:

Earnings & Dividends

Consolidated earnings in 1962 were $22.2 million or $12.07 per Class A share. Comparable 1961 results were $12.6 million or $6.82 per Class A share. Dividends of $2.40 per Class A share were paid in both years.

The substantial increase in net earnings in 1962 is accounted for primarily by the reduction in Federal Income Taxes resulting from "depreciation guidelines" issued by the Treasury Department in 1962. These new tax benefits, together with the benefits of accelerated depreciation and amortization of emergency facilities allowed in previous years, account. for $9.5 million or $5.17 per Class A share of net income in 1962. This compares with $457,000 or 24¢ per Class A share in 1961. As explained in the Supplementary Income Information on page 8, net income in accordance with generally accepted accounting principles, which excludes these new tax benefits, would be $12.7 million or $6.90 per Class A share as compared with $12.1 million or $6.58 per Class A share in 1961.

These changes in the tax regulations made it possible for the Missouri Pacific to invest more in new equipment and facilities in 1962 and to undertake a larger improvement program in 1963 than would otherwise be possible. However, the tax benefits resulting from the increased allowance for depreciation for tax purposes may be temporary. A portion of the depreciation recorded in future periods will not be fully deductible for federal income tax purposes and may result in payment of higher taxes in the future. Net Income before Federal Income Taxes increased from $24.1 million to $27.0 million or 12%.

Traffic & Revenues

Revenues increased $11.9 million or approximately 3% over 1961 as a result of a 3.4% increase in carloadings. A 10% increase in export traffic through Gulf and Mexican ports, and a 20% increase in TOFC (Trailer-on-Flat-Car) traffic excluding perishables and automobile carriers, contributed to the increased volume. Multi-level automobile traffic more than doubled over 1961.

During the past year, joint rates with motor carriers were extended. Continued progress was made in establishing volume and incentive rates to meet competition of other modes of transportation. Technical improvements were made in equipment and shippers were encouraged to make more efficient use of freight equipment and services. A new freight service was established between St. Louis and Texas points and schedules of through freight trains were improved.

Revenues from passenger train operations, including mail and express declined $1.0 million or 3%. However, passenger train miles were reduced 8%. The long range program to rehabilitate both freight and passenger equipment is continuing.

Freight Revenues by Major Commodity Groups:

	(Thousands) 1962	1961
Products of Agriculture	**$ 56,775**	$ 58,215
Animal and Products	**5,364**	6,203
Products of Mines	**44,958**	43,147
Products of Forests	**18,748**	18,352
Manufactures and Miscellaneous	**188,806**	174,836
Forwarder, LCL & Trucking Revenues	**21,500**	22,043
Total Traffic	**$336,151**	$322,796

Operations

Operating Expenses were maintained at 77% of Operating Revenues despite wage increases of 4% granted non-operating employees. Total payrolls decreased 1.5% from $178.2 million in 1961 to $175.5 million in 1962. Total payroll expense represents 43.3% of total operating revenues as compared with 45.1% in 1961.

An important factor in this performance has been the company's continuous capital improvement and modernization program. During 1962, $55.9 million was spent on capital

additions and improvements. New equipment included 1,447 freight cars, 50 storage mail cars, 100 locomotives and 59 multi-level automobile racks. Freight cars included 952 box cars, 225 covered hopper cars, 120 flat cars, and 150 mechanical refrigerator cars. The ratio of bad order freight cars to total fleet was reduced to 3.4% at the end of 1962, down from 4.9% at the end of 1961. In 1962, 86 miles of new rail and 80 miles of relay rail were laid. This includes 88 miles of continuous welded rail.

The 1963 capital improvement program of $45.9 million includes the purchase of 1,750 new freight cars, and the purchase of 56 new diesel locomotives. Most of the new cars will be equipped with special devices to meet shippers' needs for more efficient loading and improved handling of commodities of all kinds. A total of $10.3 million is budgeted for the track and structures improvement program. This program will include about 100 miles of new continuous welded rail, 232 miles of new ballast, and a new centralized wheel shop and air brake shop at North Little Rock, Ark.

A completely automated freight handling system will be completed early in 1963 at St. Louis. It will be the first installation of its kind in railroad service. Automated, electronic mail handling systems have been installed by the Missouri Pacific and other railroads serving terminals at Texarkana, Fort Worth, St. Louis and Kansas City. Installation of similar equipment is planned for Dallas in 1963.

The company is continuing an active program to eliminate unprofitable branch lines and services, but this is a slow procedure which requires regulatory authority. Economies are also being made through joint operations under trackage agreements with other railroads.

Financial & Corporate

Consolidated Long Term Debt was reduced by $2.9 million in 1962. The Texas & Pacific repaid $10 million on its bank loan, reducing the unpaid balance to $2 million.

Cash and temporary cash investments totaled $75.2 million at December 31, 1962.

Hearings before an Interstate Commerce Commission examiner have been completed on the company's application for control of the Chicago and Eastern Illinois Railroad. The acquisition of the C&EI will provide a natural extension to our system which will make possible direct service between Chicago and the Southwest and West. Approval of this application is expected in 1963.

The Texas & Pacific Railway has made application to the Interstate Commerce Commission to purchase the Kansas, Oklahoma & Gulf Railroad and the Midland Valley Railroad. This acquisition will give the company a direct route from Kansas City to the Dallas-Fort Worth Area. Hearings on this application are now in progress and it is hoped that a decision on this application will also be obtained in 1963.

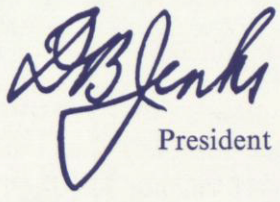
A map of the Missouri Pacific System, C&EI, KO&G and Midland Valley is on the inside back cover.

* * * * * *

Legislation to implement President Kennedy's transportation message of last April would enable railroads to compete more equitably with other forms of transportation.

The railroad industry is optimistic that it will be successful in the elimination of obsolete work rules requiring unproductive or unneeded labor. The elimination of these restrictions will ultimately free funds which the industry urgently needs to further improve its services and facilities to better serve the public.

Sincerely,



President

St. Louis, Mo.
March 12, 1963

ASSETS	Dec. 31, 1962	Dec. 31, 1961
CURRENT ASSETS:		
Cash	$ 19,193,000	$ 20,175,000
Temporary Cash Investments, at cost (approximates market)	55,979,000	57,703,000
Deposits for Interest, Dividends and Redemptions	8,211,000	14,565,000
Accounts Receivable	28,700,000	26,943,000
Material and Supplies	12,305,000	15,529,000
Other Current Assets	2,221,000	2,024,000
	126,609,000	136,939,000
PROPERTIES: (Note 2)		
Road	810,714,000	814,119,000
Equipment	555,412,000	545,079,000
Miscellaneous	34,795,000	33,210,000
	1,400,921,000	1,392,408,000
Accumulated Depreciation		
Road	Cr 85,378,000	Cr 83,698,000
Equipment	Cr 237,766,000	Cr 246,660,000
Miscellaneous	Cr 8,872,000	Cr 8,072,000
Excess of Net Assets (at acquisition) of Consolidated Subsidiaries over carrying value of investments	Cr 60,988,000	Cr 59,108,000
	1,007,917,000	994,870,000
OTHER ASSETS AND DEFERRED CHARGES:		
Investments in Terminal and Other Companies	15,741,000	15,834,000
Capital, Insurance and Other Funds	2,268,000	2,392,000
Other	7,676,000	7,916,000
	25,685,000	26,142,000
	$1,160,211,000	$1,157,951,000

ACCOUNTANTS' OPINION

PRICE WATER

To the Stockholders and Board of Directors of
MISSOURI PACIFIC RAILROAD COMPANY

We have examined the consolidated balance sheet of the M
1962 and the related statements of income and retained income for
cepted auditing standards and accordingly included such tests of th
ered necessary in the circumstances.

In our opinion, except that provision has not been made
in the supplementary income information and Note 1 to the financi
dated financial position of the Missouri Pacific Railroad Company
their operations for the year, in conformity with generally accepted
ceding year.

AILROAD COMPANY

Balance Sheet

LIABILITIES	Dec. 31, 1962	Dec. 31, 1961
CURRENT LIABILITIES: (Exclusive of Long Term Debt Due Within One Year)		
Accounts and Wages Payable	$ 37,336,000	$ 36,939,000
Interest and Dividends Payable	7,480,000	9,205,000
Unmatured Interest Accrued	11,748,000	12,090,000
Federal Income Taxes Accrued (Notes 1 and 3)	609,000	9,822,000
Other Taxes Accrued	7,218,000	6,922,000
Other Current Liabilities	4,534,000	9,185,000
	68,925,000	84,163,000
LONG TERM DEBT—DUE WITHIN ONE YEAR (Equipment Obligations)	14,968,000	13,829,000
LONG TERM DEBT (Note 4) (Page 10)	632,464,000	636,505,000
OTHER LIABILITIES AND DEFERRED CREDITS (Note 6)	16,118,000	5,883,000
EQUITY OF MINORITY SHAREHOLDERS IN CONSOLIDATED SUBSIDIARIES	47,558,000	48,972,000
SHAREHOLDERS' EQUITY: (Notes 4, 5 and 6)		
Capital Stock—No Par Value		
Class A—(Authorized 3,000,000 shares, outstanding 1,843,326 and 1,871,781 shares, respectively)	184,333,000	187,178,000
Class B—(Authorized 1,000,000 shares, outstanding 39,731 and 40,587 shares, respectively)	3,973,000	4,059,000
Capital Surplus	2,001,000	
Retained Income (Includes subsidiaries from dates of acquisition and parent company since Jan. 1, 1955 reorganization) (Page 9)	189,871,000	177,362,000
	380,178,000	368,599,000
	$1,160,211,000	$1,157,951,000

CONTINGENT LIABILITIES:

Guarantees of principal and interest with other railroads of obligations of various affiliated companies and of a service interruption policy.

See Notes to Financial Statements, Page 9.

OUSE & CO.

14 SOUTH FOURTH STREET
ST. LOUIS 2

February 28, 1963

i Pacific Railroad Company and its subsidiaries at December 31, ear. Our examination was made in accordance with generally ac- ounting records and such other auditing procedures as we consid-

ne possible increase in income taxes of future periods as set forth tements, the accompanying statements present fairly the consoli- ts subsidiary companies at December 31, 1962 and the results of unting principles applied on a basis consistent with that of the pre-

Price Waterhouse & Co.

MISSOURI PACIFIC RAILROAD COMPANY

Consolidated Income

	Year 1962	Year 1961
OPERATING REVENUES:		
Freight	$336,151,000	$322,796,000
Passenger, Mail and Express	34,292,000	35,355,000
Switching and Other	19,606,000	20,027,000
Total Operating Revenues	390,049,000	378,178,000
OPERATING EXPENSES:		
Maintenance of Way and Structures	49,164,000	42,368,000
Maintenance of Equipment	72,934,000	70,155,000
Transportation and Traffic	160,406,000	161,195,000
General	19,023,000	17,630,000
Total Operating Expenses (Includes Depreciation of $26,452,000 and $27,069,000, respectively)	301,527,000	291,348,000
Net Revenue from Operations	88,522,000	86,830,000
OTHER OPERATING CHARGES:		
Taxes (Except Federal Income Taxes)	26,555,000	26,725,000
Equipment and Joint Facility Rents	11,097,000	10,836,000
Total Other Operating Charges	37,652,000	37,561,000
NET OPERATING INCOME (Before Federal Income Taxes)	50,870,000	49,269,000
OTHER INCOME (Net)	4,947,000	4,706,000
INCOME AVAILABLE FOR FIXED CHARGES (Before Federal Income Taxes)	55,817,000	53,975,000
INTEREST:		
Fixed	18,303,000	19,048,000
Contingent	10,524,000	10,851,000
Total Interest	28,827,000	29,899,000
NET INCOME BEFORE FEDERAL INCOME TAXES	26,990,000	24,076,000
FEDERAL INCOME TAXES	2,578,000	10,274,000
	24,412,000	13,802,000
Less—Net Income Applicable to Minority Interests	2,162,000	1,223,000
NET INCOME (In Conformity with I.C.C. Principles) (Note 1)	$ 22,250,000	$ 12,579,000

Supplementary Income Information

Net Income as Above (In Conformity with I.C.C. Principles)	$ 22,250,000	$ 12,579,000
Adjustments to Generally Accepted Accounting Principles (Note 1)		
Add or (Deduct) —		
Provision for Income Tax Effect of —		
Amortization of Emergency Facilities	2,183,000	1,574,000
Accelerated Depreciation	(2,445,000)	(2,128,000)
Guideline Depreciation	(10,174,000)	
Portion of Tax Effect Applicable to Minority Interests	906,000	97,000
Net Income (As It Would Be Stated In Conformity With Generally Accepted Accounting Principles)	$ 12,720,000	$ 12,122,000

See Notes to Financial Statements, Page 9

MISSOURI PACIFIC RAILROAD COMPANY

Consolidated Retained Income

	Year 1962	Year 1961
Balance at beginning of year	$177,362,000	$167,578,000
Add—Net Income for the year	22,250,000	12,579,000
Gain on reacquisition of bonds, less miscellaneous	1,105,000	1,698,000
	200,717,000	181,855,000
Deduct—Dividends on Missouri Pacific Railroad Company's Class A Stock—$2.40 per share	4,418,000	4,493,000
Provision for service loss on extraordinary branch line abandonments and retirements — Less Federal Income Taxes	6,428,000	
Balance at end of year (Including $46,755,000 and $43,097,000 respectively, appropriated by the Board of Directors) (Note 4)	$189,871,000	$177,362,000

Notes to Financial Statements

Note 1. — Amortization, Accelerated and Guideline Depreciation:

The Company and its railroad subsidiaries maintain their books of account, and the accompanying statements have been prepared, in conformity with principles and methods of accounting prescribed or authorized by the Interstate Commerce Commission. These principles and methods differ from generally accepted accounting principles in that they do not require a provision for the income tax effect of the excess of tax amortization, accelerated and guideline depreciation over the related book depreciation.

The supplementary income information shown below the consolidated statement of income reflects the adjustments necessary to present net income in conformity with generally accepted accounting principles. The cumulative reduction in federal income taxes, due to the above-mentioned differences, not reflected in the accompanying balance sheet amounted to $62,300,000 at December 31, 1962.

Note 2. — Properties:

Parent company properties are stated at estimated original cost as determined by the I.C.C. valuation as of January 1, 1955 (date of reorganization), plus additions and betterments at cost and less retirements since that date. The principal subsidiary's (Texas and Pacific Railway Company) properties are stated at a 1916 I.C.C. valuation plus additions and betterments at cost and less retirements since that date.

For rails, ties and other track materials railroads follow an acceptable alternate practice of "replacement" accounting instead of the usual depreciation accounting. Under this method, replacements in kind are charged to expenses and only improvements and additions are capitalized. The amounts capitalized are not depreciated.

At December 31, 1962 consolidated non-depreciable property, including land and land rights, was approximately $500,000,000.

Note 3. — Federal Income Taxes:

There are other differences, in addition to those set forth in Note 1, in reporting income for Interstate Commerce Commission and federal income tax purposes. Principal differences are property bases and claim reserve accounting.

Decision is expected by the fall of 1963 in respect of a claim for refund of income tax involving the deduction of interest for the period January 1, 1955 to March 1, 1956. No amount with respect to the claim is recorded in the accounts.

Note 4. — Long Term Debt and Dividends:

The provisions of the mortgages and indentures relative to priority of call in each year upon "Available Net Income" (as defined therein) have been satisfied and no restriction on the parent company's retained income at December 31, 1962 exists.

Class A dividends are non-cumulative and may not exceed $5 per share in any calendar year. No Class B dividends shall be declared or paid unless during that year dividends of $5 per share have been paid or declared on the Class A stock.

Note 5. — Stock Options:

A restricted Stock Option Plan reserving 100,000 shares of Class A stock was approved by the stockholders on May 9, 1961. In September, 1961 options were granted to certain key personnel to purchase 30,000 shares at the then current market price of $44.875 per share. The options are not exercisable until two years after date of grant.

Note 6. — Capital Surplus:

The 1956 Consummation Order approving reorganization of the Missouri Pacific Railroad Company provided that the rights of security holders to exchange old securities for new securities in the reorganized company would terminate on March 1, 1962. On that date the new securities not claimed (including 28,455 shares of Class A Stock and 856 shares of Class B Stock) were cancelled and security holders who had not exchanged their old securities now have the right until March 1, 1968 to receive cash in lieu thereof. The excess, $2,001,000, of the book stated value of the cancelled securities and scrip over the liability for cash payment (included in "Other Liabilities and Deferred Credits") has been credited to capital surplus.

Note 7. — Retirement Plan:

Under a noncontributory "pay as you go" pension plan for executives, officials, and staff assistants, charges to operating expenses in 1962 and 1961 were approximately $812,000 and $615,000 respectively. Pension costs in future years are expected to increase as additional employees become eligible for retirement.

LONG TERM DEBT

(Including Maturities in 1963)

	Interest Rate	Date of Maturity	Changes 1962 Issued	Changes 1962 Reacquired or Cancelled	Outstanding December 31, 1962 (excluding amounts held by Company)
Missouri Pacific Railroad Company					
First Mortgage Bonds (1)	4¼%	1990 & 2005		$ 400,000	$256,218,000
General Mortgage Bonds (1)	4¾% (2)	2020 & 2030		4,200,000	118,398,000
Income Debentures	5% (2)	2045		523,000	100,016,000
Equipment Obligations	2.375% to 5.70%	1963 to 1977	$16,125,000	13,061,000	94,600,000
Total Missouri Pacific Railroad Company			16,125,000	18,184,000	569,232,000
Texas and Pacific Railway Company					
First Mortgage Bonds	5%	2000			18,961,000
Second Mortgage Bonds	5%	2000		2,000	78,000
General & Refunding Mortgage Bonds (1)	3⅞%	1985		149,000	25,016,000
Bank Note	4½%	1964		10,000,000	2,000,000
Equipment Obligations	2% to 4½%	1963 to 1975		1,559,000	7,728,000
Total Texas and Pacific Railway Company				11,710,000	53,783,000
Other Majority Owned Subsidiaries			12,469,000	1,603,000	24,417,000
Grand Total			$28,594,000	$31,497,000	$647,432,000

Equipment Obligations Maturing during each of the next five years	**1963**	**1964**	**1965**	**1966**	**1967**
	$14,968,000	$14,356,000	$13,402,000	$12,276,000	$11,347,000

(1) Have annual sinking fund requirements.

(2) Contingent.

SOURCE AND USE OF FUNDS

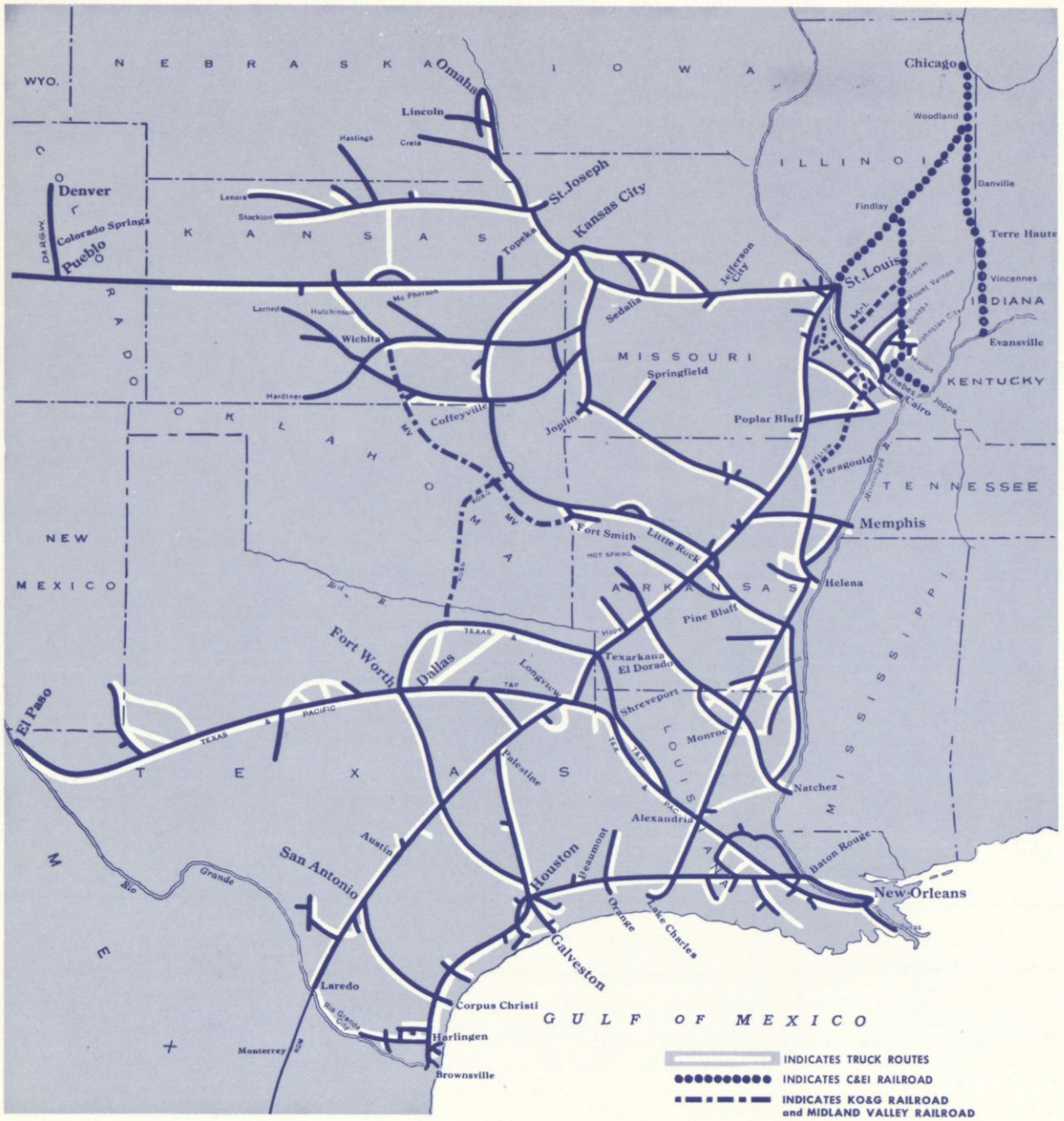
Source of Funds:	
Operations—	
Net Income for year	$24,412,000
Depreciation and retirements (charges against income not requiring disbursement of funds)	27,602,000
Salvage from property sold or retired	13,208,000
Other—Net	708,000
	$65,930,000
Use of Funds:	
Property Additions	$55,934,000
Less—Equipment Obligations issued	28,594,000
	27,340,000
Payments on bank loan and equipment obligations	26,170,000
Dividends (including amounts paid minority interests)	5,613,000
Increase in working capital	4,908,000
Cost of company bonds reacquired	1,899,000
	$65,930,000

THE TERRITORY SERVED

The Missouri Pacific – Texas and Pacific System totals more than 11,000 miles of railroad in the midwestern and southwestern states. It serves three principal gateways — St. Louis, Memphis, and New Orleans — for commerce to and from the entire eastern seaboard. Its lines extend from the Mississippi River to Pueblo, Colorado and El Paso, Texas on the west; and from St. Louis and Omaha on the north, to the Gulf of Mexico on the south.

The strategic geographical position of the System affords connections with all major rail lines that extend to the four corners of the nation.

A network of truck routes operated by Missouri Pacific Truck Lines, Inc., and the Texas and Pacific Motor Transport parallels much of the System's mileage and serves some areas not reached by rails.



OFFICE OF THE SECRETARY
MISSOURI PACIFIC RAILROAD CO.
2206 Missouri Pacific Bldg.
210 N. 13th St., St. Louis 3, Mo.

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A supplemental report with other financial and statistical information may be obtained from the Office of the Secretary, Missouri Pacific Railroad Co., Room 2206 Missouri Pacific Bldg., St. Louis 3, Missouri.